

EXECUTIVE SECRETARIAT
ROUTING SLIP

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Executive Secretary

8 Jul 85

Date

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United States Department of State

Washington, D.C. 20520

Executive Registry

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July 5, 1985

Senior Interagency Group No. 53

25X1

TO:	OVP	- Mr. Donald P. Gregg
	NSC	- Mr. William Martin
	ACDA	- Mr. William Staples
	Agriculture	- Mr. Randy Russell
	AID	- Mr. Malcolm Butler
	CIA	- [redacted]
	Commerce	- Mrs. Helen Robbins
	Defense	- COL David Brown
	EPA	- Mr. Fitzhugh Green
	HHS	- Mr. David Hohman
	JCS	- MAJ Michael Emerson
	OMB	- Mr. Alton Keel
	OSTP	- Dr. George Keyworth
	Treasury	- Mr. Edward Stucky
	USIA	- Mr. C. William LaSalle
	USTR	- Ambassador Michael Smith
	EXIM Bank	- Mr. William H. Draper, III

SUBJECT: SIG Meeting on Gandhi Visit Follow-up:

The previously-distributed memo summarizing the conclusions of the June 20 SIG meeting on follow-up action in the wake of the Gandhi visit should be amended to include the following assignment of action responsibilities, which more closely reflects the SIG discussion.

POLITICAL/STRATEGICAction

(2) Develop separate proposals (lead agencies as indicated) for a more regular dialogue with the GOI on arms control, including SDI-related issues (ACDA); non-proliferation (State); and arms sales (DOD and State).

Bonickmley
for Nicholas Platt
Executive Secretary





United States Department of State

Washington, D.C. 20520

Executive Registry

85- 2451/1

June 21, 1985

UNCLASSIFIED(With ~~SECRET~~ Attachment)

Senior Interagency Group No. 53

TO :

OVP	- Mr. Donald P. Gregg
NSC	- Mr. William Martin
ACDA	- Mr. William Staples
Agriculture	- Mr. Randy Russell
AID	- Mr. Malcolm Butler
✓ CIA	- [REDACTED]
Commerce	- Mrs. Helen Robbins
Defense	- COL David Brown
EPA	- Mr. Fitzhugh Green
HHS	- Mr. David Hohman
JCS	- MAJ Michael Emerson
OMB	- Mr. Alton Keel
OSTP	- Dr. George Keyworth
Treasury	- Mr. Edward Stucky
USIA	- Mr. C. William LaSalle
USTR	- Ambassador Michael Smith
EXIM Bank	- Mr. William H. Draper, III

SUBJECT: SIG Meeting on Gandhi Visit Follow-up: Summary of Conclusions

Attached is a Summary of Conclusions from the SIG Meeting on the Rajiv Gandhi visit, held on Thursday, June 20, 1985.

Bmckmley
for Nicholas Platt
Executive Secretary

Attachments:

1. Summary of Conclusions.
2. List of Participants.

UNCLASSIFIED
(With ~~Secret~~ Attachment)

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United States Department of State

Washington, D.C. 20520

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Senior Interagency Group No.

PARTICIPANTS: See List Attached

DATE AND TIME: Thursday, June 20, 1985, 4:00 p.m.

PLACE: Operations Center Conference Room,
No. 7516 N.S.

SUBJECT: SIG Meeting on Follow-up to the Visit of
Indian Prime Minister Gandhi, June 20

SUMMARY OF CONCLUSIONS

Under Secretary Armacost opened the meeting with a brief overview of the official visit of Prime Minister Rajiv Gandhi June 11-15. The general tone and atmospherics were exceptionally good; according to initial reports, Gandhi himself appears to have been very pleased with the personal rapport established with the President and other USG leaders. Among some of the concrete results were: a serious discussion on SDI, and an opening for further dialogue on arms control; Gandhi's agreement to move ahead with non-nuclear-end-use assurances; extension of the Science and Technology Initiative; a good discussion of the potential for arms sales; the possibility of a more active Indian role on Afghanistan; Gandhi's agreement to expedite review of the Binational Rupee Fund; and others.

SIG participants then discussed the outcome of the visit, and the need for follow-up action, in each of the broad substantive areas:

POLITICAL/STRATEGIC

It was agreed that we should follow up on India's apparent willingness to play a more active role on Afghanistan. It is not yet clear how serious the Indians are, but Gandhi's swift action in sending Foreign Secretary Bhandari to Moscow may be taken as a positive sign.

Participants agreed that it would be in the USG interest to develop a mechanism for systematic dialogue with the Indians on various security issues, including the Geneva arms talks, SDI, nuclear non-proliferation, and bilateral arms sales. Our arrangement with the Chinese could serve as a model.

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Action:

- (1) Brief the Indians on the U.S.-Soviet talks on Afghanistan; obtain feedback on any Gandhi-Gorbachev communication; consult with New Delhi following the next round of U.N. (Cordovez) negotiations in Afghanistan; and ensure that the Paks also brief the Indians. (State)
- (2) Develop a proposal for a more regular dialogue with the GOI on arms control, non-proliferation, and arms sales. (ACDA)

MILITARY COOPERATION

DOD described Secretary Weinberger's meetings with Gandhi and Defense Minister Rao. The two sides were in agreement that development of an arms sales relationship would be a step-by-step, confidence-building process. The next step will be a return visit by Indian Defense Secretary (and Science Advisor) Arunachalam for more in-depth discussion of specific sales. In addition, there was agreement in principle to an exchange of visits by Secretary Weinberger and Defense Minister Rao, exact timing to be worked out.

Action:

- (3) Plan for a visit by GOI Defense Secretary Arunachalam in the near future, followed by visits at the Ministerial level at times to be determined. (DOD)

TRADE/ECONOMIC

In his meeting with Secretary Baldrige, Gandhi indicated that movement on the no-nuclear-end-use assurance language would be the first item of business on his return to New Delhi. This will allow full implementation of streamlined USG export license procedures in line with the Technology Transfer MOU. After coordinating with NSC, USDOC told Gandhi that export license cases for India would be handled "expeditiously" and that India would be treated "similar to a free world country." However, the exact form of a streamlined system for India has yet to be determined. In his meeting with Gandhi, Secretary Baldrige laid down a marker about our continued concern over the issue of diversion; to which Gandhi replied, "You do not have to worry. We will have a tight clamp on that."

In this connection, USDOC expressed serious concern that other COCOM exporters are taking advantage of the Indo-U.S. MOU, and USG no-nuclear-end-use conditions, to gain a

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competitive advantage in advanced technology sales. Already exporters from other COCOM nations are using their own more liberal export policies as a major selling point. Norsk Data is taking full advantage of this factor in pursuing a \$600 million minicomputer contract. The U.S. share of India's computer market has fallen from 90% to 68% and could fall even farther. It was agreed that we should get together with our COCOM partners to pursue a consistent policy with respect to India and other markets.

USDOC described Gandhi-Baldrige exchanges on pending U.S. bids for major contracts in India, including those by Control Data (computers), Harris (minicomputers), G.E. (gas turbines) and Boeing (aircraft). Prospects for success in winning the Control Data contract are not promising. According to the Indians, Honeywell-Bull has offered an additional technology package which would supposedly give India the capability to produce supercomputers (this report should be treated with caution). In any event, the Indians are aware of our readiness to provide an enhanced financing package, and it does not appear that financing is an issue at this point.

Agriculture provided a readout of Gandhi's meeting with Secretary Block. Prospects are favorable for continued cooperation in the agricultural field. But the Indians seemed lukewarm on the idea of a Binational Rupee Fund.

At Treasury, Deputy Secretary Darman met with the Prime Minister's economic advisor, L. K. Jha. There was much discussion about India's desire for continued access to MDB financing, but the specific question of ADB levels did not come up. It appears likely that a Treasury team, at a level to be determined, will plan on visiting New Delhi for detailed talks on India's economic plans and prospects, with a view to further defusing the issue of Indian access to MDBs.

USTR expressed some encouragement at signs that the Indians seem to be taking a genuine look at the proposal for a GATT New Round. There was no apparent movement, however, in the Indian position at the recent Stockholm meeting. Given the relatively modest role played by external trade in India's GNP, and the perception that India has little to gain from the GATT New Round, India might be inclined to look at this issue in political, rather than economic terms.

Action:

- (4) NSC, Commerce, Defense, and State will meet in the near future to determine the form of streamlined export

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- licensing procedures, in line with the Technology Transfer MOU, to be implemented immediately upon receipt of no-nuclear-end-use assurances from the GOI. (NSC lead)
- (5) Coordinate with COCOM to bring greater consistency into our export control policies with respect to India. (State lead)
 - (6) Work with the Control Data Corporation to take maximum advantage of GOI willingness to review the CDC-Honeywell Bull contract. Be prepared to offer an enhanced (mixed credit) financing package in support of CDC, if necessary and sufficient to win the contract. (USDOC lead, with Eximbank and AID)
 - (7) Plan for a return visit by Indian Vice Chancellors of agricultural universities to their U.S. counterparts, to discuss further collaboration in the agricultural field, including possible cooperation in third countries. (AID lead, with USDA)
 - (8) Pursue with the GOI the Stockholm proposal for a two-track approach in moving ahead with the GATT New Round. (USTR)
 - (9) Prepare an analysis of benefits that could accrue to India from a GATT New Round, for use in discussions with the GOI. (CIA with USTR and State)
 - (10) Plan for a visit to New Delhi for in-depth discussions on India's economic plans and prospects, with a view to further defusing the issue of Indian access to MDBs. (Treasury lead, with State)
 - (11) Plan for trade missions in oil and natural gas (tentatively, fall of 1985) and telecommunications (tentatively, March-April 1986); and determine how best to respond to Gandhi's interest in imports of U.S. equipment for the railway industry. (USDOC)
 - (12) Work with TDP on the idea of a demonstration project in telecommunications for selected Indian cities. (USDOC)
 - (13) Examine the desirability of possible USG involvement in the high-level Trade Development Committee being formed under the auspices of the Indo-U.S. Joint Business Council. (USDOC)

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OTHER BILATERAL

It was noted that the GOI appeared lukewarm about the USG proposal for a Binational Rupee Fund, citing their fear that other excess currency holders (principally from the Eastern bloc) will want to follow suit. However, Gandhi agreed to review the issue expeditiously on his return to New Delhi.

State/NEA outlined discussions, during Gandhi's visit, for enhanced bilateral and regional cooperation in drug enforcement. Ambassador Barnes will establish a contact between the New Delhi DEA Director and Arun Singh for further discussion.

USIA noted that the Indians expressed some unhappiness, during the Educational and Cultural Subcommittee meeting, with the imbalance between India's very large Festival in the U.S. and our own more modest effort in India. USIA will examine the possibility of putting more resources into the India program, including youth exchange.

Action:

- (14) Pursue the matter of obtaining a rapid and favorable GOI decision on the Binational Rupee Fund. (State with Embassy Delhi)
- (15) Pursue expanded cooperation in drug enforcement. (State with Embassy Delhi)
- (16) Look into the possibility of putting more resources into the India program, including youth exchange. (USIA)
- (17) Explore the possibility of a return visit by President Reagan to India in early 1986. (NSC)

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SIG MEETING ON GANDHI VISIT FOLLOW-UP
THURSDAY, JUNE 20, 1985, 4:00 PM

PARTICIPANTS

STATE

Under Secretary Armacost, Chairing
Robert A. Peck, NEA
Ted McNamara, PM
Steve Blodgett, NEA (Notetaker)

OTHER AGENCIES

NSC	Jock Covey
	Shirin Tahir-Kheli
ACDA	David Emery
USDA	Daniel Amstutz
AID	Eugene Staples
CIA	Robert Gates
Commerce	Joe Dennin
	Bill Archey
Defense	Rich Armitage
HHS	Linda Vogel
JCS	LT GEN H.O. Thompson
OMB	Phil DuSault
Treasury	Charles Schotta
USIA	James Thurber
USTR	Peter Murphy
Eximbank	William H. Draper

EXECUTIVE SECRETARIAT
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Executive Secretary

26 June 85.

Date

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United States Department of State

Washington, D.C. 20520

June 18, 1985

Executive Registry

85- 2451

CONFIDENTIAL (With SECRET Attachment)

Senior Interagency Group No.

25X1

TO:	OVP	- Mr. Donald P. Gregg
	NSC	- Mr. Robert Kimmitt
	ACDA	- Mr. William Staples
	Agriculture	- Mr. Randy Russell
	AID	- Mr. Malcolm Butler
	✓ CIA	- [Redacted]
	Commerce	- Mrs. Helen Robbins
	Defense	- COL David Brown
	EPA	- Mr. Fitzhugh Green
	HHS	- Miss Mary Frances Lowe
	JCS	- MAJ Michael Emerson
	OMB	- Mr. Alton Keel
	OSTP	- Mr. George Keyworth
	Treasury	- Mr. Edward Stucky
	USIA	- Mr. C. William La Salle
	USTR	- Ambassador Michael Smith

SUBJECT: SIG Meeting on Follow-up to Prime Minister Rajiv Gandhi's Visit to the United States

Under Secretary Armacost will chair a SIG meeting to discuss follow-up action on Indian Prime Minister Rajiv Gandhi's visit to the United States. The meeting will take place on Thursday, June 20, at 4:00 p.m. in Room 7516 (Operations Center) at the State Department. A discussion paper is attached.

Each agency is invited to send one representative at the SIG level to the meeting. Please submit the name of your representative to NEA/INS, 632-2141 by C.O.B. Wednesday, June 19.

For Mr. Nicholas Platt
for Nicholas Platt
Executive Secretary

Attachment:
As Stated.

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DEPARTMENT OF STATE
BRIEFING PAPER

GANDHI VISIT: FOLLOW-UP

The visit of Indian Prime Minister Rajiv Gandhi has generated the following requirements for additional action:

POLITICAL/STRATEGIC

1. Brief the Indians on this week's U.S.-Soviet talks on Afghanistan; obtain feedback from the Indians on the Soviet response to the Gandhi message to Gorbachev.
2. Consult with New Delhi following the next round of U.N. (Cordovez) negotiations on Afghanistan.
3. Develop a mechanism for systematic dialogue with the GOI on arms control, including the progress of U.S.-Soviet talks.

MILITARY COOPERATION

4. Pursue the idea of establishing annual "working group" exchanges between DOD and India's Ministry of Defense to promote continuous contact and resolve problems.
5. Plan for a return visit by Indian Defense Secretary (and Science Advisor) Arunachalam for more in-depth discussion of possible defense procurement from the U.S. As possible, respond positively to specific Indian requests during his visit.
6. In response to the invitation by Indian Defense Minister Rao, consider a visit by Secretary Weinberger to India.

TRADE/ECONOMIC

7. In the context of further defusing the issue of Indian access to IDA and ADB, plan for a Treasury/State visit to India for comprehensive discussions on India's economic plans and prospects.
8. Implement streamlined export licensing procedures for India as soon as GOI approves nuclear assurance language.
9. Pursue trade promotion efforts in the fields of energy and telecommunications. Explore the possibility of a third effort in the field of transportation (railways).

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10. Work with the Control Data Corporation to take maximum advantage of GOI willingness to review the CDC-Honeywell Bull competition for a major computer sale/co-production contract. Be prepared to offer enhanced (mixed credit) financing package in support of CDC if necessary to win contract.
11. Embassy New Delhi should follow up to convey continued USG interest in major contracts for Harris (minicomputers), Boeing (aircraft), and G.E. (gas turbines).
12. Pursue with GOI the Brazilian proposal, at Stockholm, for a two-track approach in moving ahead with the GATT New Round.
13. Encourage and monitor efforts by the Indo-U.S. Joint Business Council, working with GOI and Indian business, to set up a high-level Trade Development Committee aimed at stimulating further bilateral trade.

OTHER BILATERAL

14. Monitor Congressional action on legislation to permit expenditure of U.S.-held rupees, pending negotiation of an agreement on a Binational Rupee Fund. Urge the Indians to expedite Cabinet review and approval.
15. Plan for a return visit by Indian Vice Chancellors of agricultural universities to their U.S. counterparts, to discuss further collaboration in the agricultural field, including possible cooperation in third countries.
16. Embassy New Delhi should follow up with GOI to discuss possible expanded cooperation in drug enforcement.
17. Explore the possibility of a visit by President Reagan to India in early 1986.

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